



**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
PRESS RELEASE**

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USAID Announces Innovative Program to Facilitate the Flow of Remittances to Mexico

Partners with the World Council of Credit Unions and Caja Popular Mexicana to "Banked the Unbanked"

Durham, North Carolina -- Adolfo A. Franco, Assistant Administrator of the Latin America and Caribbean Bureau of the United States Agency for International Development (USAID), announced today that USAID will provide \$500,000 to support the creation of an innovative new program to facilitate the flow of remittances to Mexico. Mr. Franco was joined at a press conference in the Latino Community Credit Union in Durham, North Carolina, by U.S. Treasurer Rosario Marin; Carolina Zaragoza, Mexican Consul for the Carolinas; Arthur Arnold, the CEO of the World Council of Credit Unions; and John Herrera, the Chairman of the Board of the credit union.

"USAID will work with credit unions in Mexico and the United States to offer low-cost money transfer services. The program will also promote savings and investment by offering attractive, safe, and convenient places for people to save their money. In many cases, financial services -- savings, credit, mortgages -- will be provided to families that have never had them before," said Mr. Franco.

USAID will partner with the World Council of Credit Unions (WOCCU), a leading advocacy organization for credit unions, dedicated to building strong credit unions in countries all over the world, and the Caja Popular Mexicana, the largest credit union in Mexico, to develop the initiative.

Under the program, WOCCU will provide critical training, technical assistance and technology to ensure the success of this effort. WOCCU has enlisted the assistance of the Texas and California credit union leagues, which will provide additional training and internship opportunities for staff from Mexico. Remittances are earnings sent back by migrants to their home countries. They have accelerated dramatically in recent years, growing at an average rate of between 7-10 percent per year in Latin America and the Caribbean. In 2001, according to recent data from an Inter-American Development Bank study, these remittances exceeded \$23 billion.

These financial flows exceed official development assistance by a significant amount, and now represent one quarter of total Foreign Direct Investment to the region.

Remittances have an economic and social impact far beyond their traditional role as a supplement to family income. They are a critical source of foreign exchange, with the potential to play a critical role in promoting economic development. Moreover, for five countries -- Nicaragua, Haiti, El Salvador, Jamaica, and Ecuador -- remittances account for over 10 percent of the Gross Domestic Product.

Even in an economy as large as Mexico's, remittances are more than twice the value of agricultural exports, and over 50 percent of oil exports. Mexico is by far the largest recipient of remittances in Latin America and the Caribbean, with over \$9.2 billion in 2001. This represents over 40 percent of total flows to the region.

The U.S. Agency for International Development is the government agency that has provided humanitarian assistance and economic development worldwide for more than 40 years.

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